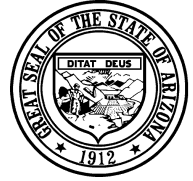


Arizona Department of Water Resources
GROUNDWATER USERS ADVISORY COUNCIL
Tucson Active Management Area
Kenneth Seasholes, Area Director



DEE T. O'NEILL
Chair

DAVID MODEER
Vice-Chair

JOHN MAWHINNEY

JON POST

CHUCK SWEET

Minutes
June 29, 2005

Members Present:

Dee O'Neill, Chair
David Modeer, Vice-Chair
John Mawhinney
Jon Post
Chuck Sweet

Tucson Staff Present:

Kenneth Seasholes, Area Director
Mary Bauer
Christina Bickelmann
Laura Grignano
Jeff Tannler
Dawne Wilson

Phoenix Staff Present:

Karen Smith, Deputy Director
Sandy Fabritz-Whitney, Assistant Director

Others:

Janet Lea Carr, SAWUA
Dave Crockett, FWID
James Davis, Errol L. Montgomery & Assoc.
Eric Holler, USBR
Tina Lee, Ward 2 Council Office
Val Little, Water CASA
Sharon Megdal, UA - WRRC
Mark Myers, Consultant - Marana
Dennis Rule, Tucson Water
Philip Saletta, Oro Valley Water Utility
Cynthia Stefanovic, AZ State Land Dept.
Warren Tenney, Metro Water District
Kristen Zimmerman, PAG

1. Call to Order

Chairperson, Dee O'Neill called the meeting to order at 9:30 a.m. Introductions were made.

2. Approval of Minutes

Chuck Sweet made a motion to approve the minutes of March 30, 2005. John Mawhinney seconded the motion. The minutes were unanimously approved.

3. Institutional and Policy Advisory Group (IPAG)
i. Recovery analysis project update
ii. Recommendation RE interstate storage capital charges

Kenneth Seasholes reported that IPAG work on recovery planning was ongoing, though recent attention had been focused on the recommendation related to interstate storage.

Based on recently updated projections, Mr. Seasholes indicted that a substantial shortfall still remains for storage necessary to firm M&I CAP subcontracts in the Tucson AMA in times of shortage. Based on current modeling projections the “firming gap” is somewhat higher than the 2002 projection - approximately 246 kAF vs. 232 kAF. To partially narrow that gap, the IPAG developed a recommendation that would direct revenues from the recharge capital charge assessed on interstate storage at Tucson AMA state demonstration projects toward additional storage in the AMA. This recommendation would be forwarded the CAWCD Board, which sets and collects the charge.

Although Tucson Water is supportive of this recommendation, it should be noted it would like to see an equitable portion of interstate storage at its facilities because the recovery capability already exists at these facilities.

Chuck Sweet suggested, as a matter of procedure and protocol, the GUAC send a letter to the Director of ADWR outlining the concept of the recommendation and carbon copy the appropriate parties. Once the letter is received, the Tucson AMA GUAC members could independently contact CAWCD Board members and others in an effort to gain support for this initiative.

John Mawhinney made a motion directing Mr. Seasholes to craft such a letter. David Modeer seconded the motion. The motion was unanimously approved.

4. ADWR Initiatives and Public Processes

Karen Smith, ADWR’s new deputy director, was invited to give an update on the department’s initiatives and public processes. Ms. Smith began by reporting that administratively a number of projects are underway that should be completed by the end of calendar year 2005.

The legislature recently enhanced the department’s budget substantially, which will go into effect July 1, 2005. Up until that time, the department is trying to balance its books for fiscal year 2005.

The Phoenix office will be moving to a new facility located at the Phoenix Meridian Building at Central and Osbourne. This move will take place in late September.

The department has been in the process of filling senior level positions that have been vacant for quite some time.

The web site is currently under construction and should be substantially improved. The unveiling should take place in early September with additional enhancements ongoing.

Next, Ms. Smith reported on the department's priorities for the upcoming six months. HB 2277, which passed the last legislative session, needs to be implemented. This law requires community water systems in the state to have a water supply, conservation and drought plan in place and submitted to ADWR. It is anticipated that by late December 2005/early January 2006 forms and guidance documents will be in place. Training opportunities and workshops on complying with HB 2277 and completing the documentation will be made available throughout 2006.

A lot of effort will be put into implementing Arizona's portion of the Arizona Water Rights Settlement Act within the next six months. Sandy Fabritz-Whitney, new assistant director for ADWR's Water Management Division, reported that the state has an obligation to firm water for the Gila Indian water community and other tribes yet to be named. There is also a portion that requires the United States to firm water for the Tohono O'odham Nation with Arizona's obligation to provide \$3 million dollars of in-kind services, money or water. The statutory deadline for meeting the obligation is at the end of this year, and the GUAC will need to be actively involved in the decision making process.

Ms. Smith continued by reporting ADWR now has the authority to establish a fee for the Lower Colorado River Conservation Plan, which has been in the works for many years.

There will be a rewrite of the Assured and Adequate Water Supply Rules, including a fee adjustment, which is yet to be determined. The authority for this resulted from the last legislative session. The goal is to have Rules proposed by the end of December 2005/early January 2006.

Also in process is the finalization of the stakeholders' concept work for well spacing rules, with Rules proposed late December 2005/early January 2006.

There is a technical correction rule-making package in the works, where outdated language and references are being "cleaned up." This will be proposed within the next month.

The drought planning implementation will be moving forward along with the statewide conservation program.

ADWR will be continuing its work on developing firming and shortage criteria for the Colorado River.

Lastly, the legislature authorized an appropriation for ADWR to focus on addressing water supply issues in the rural areas of the state. The development of this program is underway.

At this point, Ms. Smith turned the floor over for questions. Mr. Mawhinney asked if ADWR would be increasing its regulatory authority in the Fourth and Fifth Management Plans in order to achieve safe-yield in the TAMA, since current predictions show it will not be met by 2025.

Ms. Smith responded that all AMAs will be exploring the issues surrounding safe-yield, and it will be central to the Fourth Management Plan. Sandy Fabritz-Whitney continued by stating the management plans were not intended as the only tool to reach safe-yield. There are other programs that are available through statute that need to be explored in order for ADWR to meet its goals. ADWR will also work closely with the regulated community in assessing how realistic it is to achieve the goals by 2025.

Mr. Modeer mentioned that he believes the municipalities will be at their segment of safe-yield by 2025, and the driving forces for not reaching the goal need to be closely studied (e.g., exempt wells, industrial, agriculture).

Mr. Mawhinney asked if ADWR has plans to seek future water supplies. Ms. Fabritz-Whitney responded that this is not something the state is planning, but it is a key objective of the new statewide planning group; although the state would be in a position to assist in finding alternative water supplies, in particular for rural communities.

Sharon Megdal requested that those interested in ADWR's public meetings be notified of when those meetings would take place. She continued by inquiring whether ADWR would be publishing the new Assured Water Supply Rules in a format that would be understandable to the layperson because of the complex, technical nature. Ms. Smith responded that it is a goal of ADWR.

Warren Tenney asked if ADWR would consider holding some of its numerous meetings in Tucson. Many groups are interested in what's going on and would like the opportunity to provide input on areas of interest but may not be able to attend each and every meeting that is held in Phoenix. Ms. Smith said that bringing some of the stakeholder meetings to Tucson is a good idea. Another option, suggested by Val Little, would be to use the conference call option. A 1-800 number for conferencing is currently being put into place at ADWR.

Ms. Fabritz-Whitney concluded by saying she is excited about her new role in the water management division and looks forward to be working, once again, with everyone on current programs and other regional issues.

5. Water Use Update and Overview

Kenneth Seasholes reported on the 2004 Tucson AMA water use by sector: Municipal - 53%, Ag - 32%, Metal Mining - 10% and Other Industrial - 4%.

Mr. Seasholes noted that the Tucson AMA continues to use a large volume of CAP water- roughly half by the AWBA and half by local providers. Last year was also the first time ever that agriculture took non-credit accruing CAP water.

He continued by reporting that the golf industry is not a large water user overall but gets a lot of attention. This sector has been using more and more effluent while groundwater use has remained consistent due to the exercising of irrigation grandfathered rights. More of the county's renewable resource requirements for new turf facilities are being met through the use of recharge and recovery of CAP water.

Next, Mr. Seasholes reviewed industrial sector use, which is primarily groundwater based. He noted that water use for electrical power generation had come down from peak levels that occurred during the California energy crisis

The water budget is waiting for a few more components before completion, but projections are that overdraft was reduced by 15,000 - 20,000 acre-feet in 2004.

Lastly, the group was referred to a Tucson AMA map depicting where certificates of assured water supply have been issued. The proximity of those certificates to providers with a designation of assured water supply has been raised as a potential policy issue.

6. Area Director's Report

Mr. Seasholes reported last year Session Law authorized the department to sweep up to \$1.5 million of withdrawal fees from all of the AMAs, but the final amount is expected to be less. The Tucson AMA fund had sufficient remaining funds to renew the USGS subsidence and aquifer storage monitoring program. This is being conducted in collaboration with the Tucson, Metro Water, Oro Valley and Marana.

7. Public Comment

There was no further public comment.

8. Date and Agenda for Next Meeting

GUAC members will be contacted after Labor Day to schedule a September meeting.

9. Adjournment

The meeting was adjourned at 11:10 a.m.